

CHILD ABUSE PREVENTION COUNCIL OF PLACER COUNTY

California

Annual Financial Report

June 30, 2008

DATE RECEIVED:



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NICHOLSON & OLSON

INDEPENDENT AUDITOR'S REPORT

CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Child Abuse Prevention Council of Placer County
Roseville, California

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Roseville, California 95661

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We have audited the statement of financial position of the Child Abuse Prevention Council of Placer County (a nonprofit organization) as of June 30, 2008 and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information was derived from the Council's 2007 financial statements and, in our report date September 5, 2007, we expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Child Abuse Prevention Council of Placer County as of June 30, 2008, and the change in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the Council's financial statements taken as a whole. The information included in the accompanying Schedule 1 on page 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

To the Board of Directors
Child Abuse Prevention Council of Placer County

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2008 on our consideration of the Child Abuse Prevention Council of Placer County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Nicholson & Olson

Certified Public Accountants
Roseville, California
November 25, 2008

FINANCIAL STATEMENTS

CHILD ABUSE PREVENTION COUNCIL OF PLACER COUNTY
Statements of Financial Position
June 30, 2008

	2008	2007
ASSETS		
Cash and cash equivalents	\$ 88,753	\$ 185,819
Grants and fees receivable	231,388	267,952
Prepaid expenses	12,020	19,194
Total current assets	<u>332,161</u>	<u>472,965</u>
Assets designated as reserves		
Cash and cash equivalents	425,900	375,043
Grants and fees receivable	27,626	78,483
Total assets designated as reserves	<u>453,526</u>	<u>453,526</u>
Refundable deposits	10,573	15,441
Property and equipment, net	91,836	7,959
Total assets	<u>\$ 888,096</u>	<u>\$ 949,891</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 29,273	\$ 82,266
Accrued employee benefits	74,663	84,585
Current portion of long-term debt	13,543	-
Total current liabilities	<u>117,479</u>	<u>166,851</u>
Long-term debt, less current portion	53,676	-
Total liabilities	<u>171,155</u>	<u>166,851</u>
Net Assets:		
Unrestricted net assets		
Board designated reserves	453,526	453,526
Undesignated net assets	82,826	135,736
Invested in property and equipment	91,836	7,959
Total unrestricted net assets	<u>628,188</u>	<u>597,221</u>
Temporarily restricted net assets	88,753	185,819
Total net assets	<u>716,941</u>	<u>783,040</u>
Total liabilities and net assets	<u>\$ 888,096</u>	<u>\$ 949,891</u>

The accompanying notes are an integral part of these financial statements

CHILD ABUSE PREVENTION COUNCIL OF PLACER COUNTY

Statements of Activities and Change in Net Assets

Year Ended June 30, 2008

(Summarized Totals for 2007)

	Unrestricted	Temporarily Restricted	2008 Total	2007 Total
REVENUES AND SUPPORT				
Government grants	\$ 1,290,475	\$ 1,597	\$ 1,292,072	\$ 1,330,051
Contributions	210,023	332,120	542,143	422,682
Service fees	18,016	-	18,016	21,354
In-kind revenues	62,522	-	62,522	77,060
Net assets released from restrictions	430,783	(430,783)	-	-
Total Revenues and Support	<u>2,011,819</u>	<u>(97,066)</u>	<u>1,914,753</u>	<u>1,851,147</u>
OTHER GAINS AND LOSSES				
Special events revenue	55,848	-	55,848	161,136
Special events expense	(26,739)	-	(26,739)	(27,099)
Net special events	<u>29,109</u>	<u>-</u>	<u>29,109</u>	<u>134,037</u>
Interest income	24,195	-	24,195	21,761
Rental income	14,146	-	14,146	12,246
Other income	5,891	-	5,891	1,631
Total Other Gains and Losses	<u>73,341</u>	<u>-</u>	<u>73,341</u>	<u>169,675</u>
Total Revenues, Support, Gains and Losses	<u>2,085,160</u>	<u>(97,066)</u>	<u>1,988,094</u>	<u>2,020,822</u>
EXPENSES				
Program services				
Family resource centers	1,278,132	-	1,278,132	1,452,135
Community education	277,760	-	277,760	114,753
Child abuse treatment	191,699	-	191,699	185,895
Support services				
Management & administrative	222,583	-	222,583	289,194
Fundraising	84,019	-	84,019	78,197
Total expenses	<u>2,054,193</u>	<u>-</u>	<u>2,054,193</u>	<u>2,120,174</u>
CHANGE IN NET ASSETS	30,967	(97,066)	(66,099)	(99,352)
Net assets, beginning of year	597,221	185,819	783,040	882,392
Net assets, end of year	<u>\$ 628,188</u>	<u>\$ 88,753</u>	<u>\$ 716,941</u>	<u>\$ 783,040</u>

The accompanying notes are an integral part of these financial statements

CHILD ABUSE PREVENTION COUNCIL OF PLACER COUNTY
Statement of Functional Expenses
Year Ended June 30, 2008

	Program Services			
	Family Resource Centers	Community Education	Child Abuse Treatment	Total Program Services
Personnel				
Salary and wages	\$ 738,164	\$ 73,890	\$ 82,059	\$ 894,113
Payroll taxes and benefits	163,783	13,524	18,568	195,875
Total personnel costs	<u>901,947</u>	<u>87,414</u>	<u>100,627</u>	<u>1,089,988</u>
Operating costs				
Office supplies	7,994	1,453	721	10,168
Program supplies	21,926	3,406	4,301	29,633
Printing	27,853	6,822	3,458	38,133
Postage	1,194	378	101	1,673
Rent	105,658	12,170	10,086	127,914
Telephone	26,043	2,353	2,794	31,190
Utilities, maintenance and equipment	39,236	3,207	3,677	46,120
Travel	15,822	1,380	1,282	18,484
Education and training	10,719	12,371	64	23,154
Insurance	10,613	1,408	655	12,676
Accounting and auditing	3,781	2,131	493	6,405
Consultants/Subcontractors	96,120	141,612	32,400	270,132
Fundraising	200	-	-	200
Other	2,947	175	81	3,203
In-kind goods and services	-	-	29,529	29,529
Total operating costs	<u>370,106</u>	<u>188,866</u>	<u>89,642</u>	<u>648,614</u>
Total expenses before depreciation	1,272,053	276,280	190,269	1,738,602
Depreciation and amortization	<u>6,079</u>	<u>1,480</u>	<u>1,430</u>	<u>8,989</u>
Total expenses	<u>\$ 1,278,132</u>	<u>\$ 277,760</u>	<u>\$ 191,699</u>	<u>\$ 1,747,591</u>

The accompanying notes are an integral part of these financial statements

<u>Fund Raising</u>	<u>Management and Administrative</u>	<u>Total</u>
\$ 59,003	\$ 78,547	\$ 1,031,663
10,878	17,448	224,201
<u>69,881</u>	<u>95,995</u>	<u>1,255,864</u>
541	1,868	12,577
-	-	29,633
1,888	3,446	43,467
56	1,255	2,984
5,598	19,783	153,295
1,020	5,004	37,214
1,448	6,029	53,597
2	261	18,747
195	456	23,805
704	1,558	14,938
994	2,315	9,714
-	28,328	298,460
1,411	-	1,611
104	21,724	25,031
-	32,993	62,522
<u>13,961</u>	<u>125,020</u>	<u>787,595</u>
83,842	221,015	2,043,459
<u>177</u>	<u>1,568</u>	<u>10,734</u>
<u>\$ 84,019</u>	<u>\$ 222,583</u>	<u>\$ 2,054,193</u>

CHILD ABUSE PREVENTION COUNCIL OF PLACER COUNTY
Statement of Functional Expenses
Year Ended June 30, 2007

	Program Services			
	Family Resource Centers	Community Education	Child Abuse Treatment	Total Program Services
Personnel				
Salary and wages	\$ 831,601	\$ 41,436	\$ 75,768	\$ 948,805
Payroll taxes and benefits	192,307	7,119	16,335	215,761
Total personnel costs	<u>1,023,908</u>	<u>48,555</u>	<u>92,103</u>	<u>1,164,566</u>
Operating costs				
Office supplies	13,024	2,047	925	15,996
Program supplies	5,786	-	505	6,291
Printing	26,707	3,471	1,028	31,206
Postage	1,431	330	58	1,819
Rent	104,438	5,482	13,404	123,324
Telephone	19,289	895	748	20,932
Utilities, maintenance and equipment	29,672	959	1,160	31,791
Travel	18,767	82	1,092	19,941
Education and training	6,113	2,399	566	9,078
Insurance	12,771	28	1,110	13,909
Accounting and auditing	3,939	229	271	4,439
Consultants/Subcontractors	154,957	49,101	27,535	231,593
Fundraising	-	-	-	-
Other	1,819	77	145	2,041
In-kind goods and services	25,004	-	44,184	69,188
Total operating costs	<u>423,717</u>	<u>65,100</u>	<u>92,731</u>	<u>581,548</u>
Total expenses before depreciation	1,447,625	113,655	184,834	1,746,114
Depreciation and amortization	<u>4,510</u>	<u>1,098</u>	<u>1,061</u>	<u>6,669</u>
Total expenses	<u>\$ 1,452,135</u>	<u>\$ 114,753</u>	<u>\$ 185,895</u>	<u>\$ 1,752,783</u>

The accompanying notes are an integral part of these financial statements

<u>Fund Raising</u>	<u>Management and Administrative</u>	<u>Total</u>
\$ 43,153	\$ 170,394	\$ 1,162,352
8,319	33,499	257,579
<u>51,472</u>	<u>203,893</u>	<u>1,419,931</u>
1,374	5,637	23,007
-	-	6,291
2,922	16,878	51,006
756	1,209	3,784
4,498	24,298	152,120
622	3,229	24,783
848	4,528	37,167
74	66	20,081
221	774	10,073
(150)	156	13,915
925	3,766	9,130
500	18,664	250,757
8,902	-	8,902
5,102	4,933	12,076
-	-	69,188
<u>26,594</u>	<u>84,138</u>	<u>692,280</u>
78,066	288,031	2,112,211
131	1,163	7,963
<u>\$ 78,197</u>	<u>\$ 289,194</u>	<u>\$ 2,120,174</u>

CHILD ABUSE PREVENTION COUNCIL OF PLACER COUNTY
Statements of Cash Flows
Year Ended June 30, 2008

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants, contributions, fees and fundraisers	\$ 2,015,537	\$ 1,805,238
Cash paid to suppliers and employees	(2,058,549)	(2,007,217)
Interest income received	24,195	21,761
Cash provided (used) by operating activities	<u>(18,817)</u>	<u>(180,218)</u>
CASH FLOWS FROM INVESTING & FINANCING ACTIVITIES		
Proceeds from escrow receivable	-	397,502
Purchase of property and equipment	(19,611)	-
Long-term debt principal payments	(7,781)	-
Cash provided (used) by investing & financing activities	<u>(27,392)</u>	<u>397,502</u>
Net increase (decrease) in cash	(46,209)	217,284
Cash and cash equivalents, beginning of year	560,862	343,578
Cash and cash equivalents, end of year	<u>\$ 514,653</u>	<u>\$ 560,862</u>
SUMMARY OF CASH AND CASH EQUIVALENTS		
Undesignated	\$ 88,753	\$ 185,819
Designated as reserves	425,900	375,043
	<u>\$ 514,653</u>	<u>\$ 560,862</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES:		
Change in net assets	\$ (66,099)	\$ (99,352)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation, a noncash expense	10,734	7,963
Non-cash capitalized donations	-	(7,872)
(Increase) decrease in assets:		
Grants and fees receivable	87,421	(116,763)
Prepaid expenses	7,174	(1,190)
Refundable deposits	4,868	(3,459)
Increase (decrease) in liabilities:		
Accounts payable	(52,993)	26,671
Accrued employee benefits	(9,922)	13,784
Cash provided (used) by operating activities	<u>\$ (18,817)</u>	<u>\$ (180,218)</u>

The accompanying notes are an integral part of these financial statements

CHILD ABUSE PREVENTION COUNCIL OF PLACER COUNTY
Notes to Financial Statements
June 30, 2008

Note 1 - Significant Accounting Policies

Nature of the Council

The Child Abuse Prevention Council of Placer County (the Council) is a nonprofit corporation founded in 1989 as a community-based Council of professionals and lay persons involved in and concerned with the issue of child abuse. The primary purpose of the Council is to coordinate efforts to prevent and respond to child abuse in Placer County. These coordinative efforts include, but are not limited to, serving as a clearinghouse for information on child abuse, acting as a forum for interagency coordination, supporting the continuation of existing child abuse services, assisting in the creation of new services, and providing outreach and education to the public and professional community on the issue of child abuse.

Method of Accounting

The financial statements of the Council have been prepared using the accrual method of accounting, whereby revenues are recognized when earned and expenses are recognized when the obligation is incurred, rather than when cash is collected or disbursed.

Basis of Presentation

Generally accepted accounting principles require that the Council present information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. All financial transactions have been recorded and reported in the following net asset classifications:

Unrestricted Net Assets - Represent resources over which the Board of Directors has discretionary control and that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily Restricted Net Assets - Represent resources subject to donor-imposed restrictions that either expire by passage of time or are met by actions of the Council. When a donor restriction expires, or its purpose is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities. Temporarily restricted revenues have been recorded as unrestricted revenues when the funds are received and expended within the same fiscal year.

Permanently Restricted Net Assets - Represent resources whose use by the Council are limited by donor-imposed stipulations that permit only the earnings to be used for the programs and general operations. These donor-imposed stipulations neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Council. The Council has no permanently restricted net assets.

CHILD ABUSE PREVENTION COUNCIL OF PLACER COUNTY
Notes to Financial Statements
June 30, 2008

Note 1 - Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Council considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Grants and Fees Receivable

Grants receivable represent expenditures for which reimbursement has been requested but not yet received. Grants and fees receivable are considered by management to be fully collectible therefore, no allowance for doubtful accounts is considered necessary.

Property and Equipment

Property and equipment with a value greater than \$2,000 are capitalized and stated at historical cost or estimated fair market value at the time of donation for donated property or equipment. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, ranging from three to ten years. Depreciation expense for the years ended June 30, 2008 and 2007 totaled \$10,734 and \$7,963, respectively. Major additions and betterments are capitalized. Maintenance and repairs, which do not improve or extend the lives of the respective assets, are expensed as incurred.

Compensated Absences

Employees for the Council are entitled to paid annual leave depending on job classification and length of service, which is payable upon termination of the employee. Annual leave accruals are recorded in the financial statements as accrued employee benefits totaling \$40,572 and \$39,634 at June 30, 2008 and 2007, respectively.

Public Support and Revenue

Grants and other contributions of cash are reported as temporarily restricted support if they are specifically restricted by the terms of the grant or donor stipulations as to purpose or location of their use.

Donated Services and Materials

The Council records the donation of materials and services when an objective basis is available to measure the value of those donations, when the materials or services would be purchased if they were not donated, and when the services require special skills which are provided by individuals possessing those skills. Donations of materials and services are recorded as public support and as a corresponding asset or expense at their fair values in the period received. For the years ended June 30, 2008 and 2007, \$62,522 and \$77,060, respectively, has been included in the statement of activities as in-kind revenues.

CHILD ABUSE PREVENTION COUNCIL OF PLACER COUNTY
Notes to Financial Statements
June 30, 2008

Note 1 - Significant Accounting Policies (concluded)

Functional Expenses

The costs of providing the Council's programs have been summarized on a functional basis in these financial statements. Expenses are charged to each program based on specific expenditures incurred. Certain salary, rent, and professional fee expenditures are considered to be related to the overall oversight and direction of the Council and are categorized as management and administrative expenses. All other expenses are allocated to programs based upon square footage or salary expenditures in that program area.

Income Tax Status

The Council is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Therefore, it is not obligated to pay Federal or State income taxes unless its unrelated business income exceeds \$1,000. The Council did not generate unrelated business income and accordingly, no provision for income taxes is included in the financial statements.

Concentrations of Credit Risk

The Council maintains its cash in various deposit accounts with federally insured banks. At June 30, the Federal Deposit Insurance Corporation (FDIC) insured up to \$100,000 at each institution. The amount of cash in excess of insured limits totaled \$461,581 and \$465,481 at June 30, 2008 and 2007, respectively. The Council has not experienced any loss in such accounts and believes it is not exposed to any significant cash risk.

Estimates Used in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Information

The financial statements include certain summarized comparative information from the prior year. This information is presented in total and not by net asset class and does not include sufficient detail to be in conformity with generally accepted accounting principles. Such information should be read together with the Council's financial statements for the year ended June 30, 2007, from which the summarized information was extracted.

CHILD ABUSE PREVENTION COUNCIL OF PLACER COUNTY
Notes to Financial Statements
June 30, 2008

Note 2 - Grants and Fees Receivable

At June 30, the following amounts were receivable from these funding sources:

	2008	2007
California State University, Monterey Bay	\$ 6,400	\$ -
Child Abuse Prevention of California	-	11,927
City of Roseville, Housing & Redevelopment	5,912	236
Placer County Adult System of Care	17,458	12,127
Placer County Children's System of Care	92,777	88,662
Placer County First 5 Children & Families Commission	26,689	11,477
Placer County Home First Program Services	-	128,215
U.S. Dept. of Health & Human Services	76,886	62,598
U.S. Dept. of Justice & Office of Emergency Services	32,892	26,321
Other	-	4,872
Total grants and fees receivable	259,014	346,435
Amount designated for reserves	(27,626)	(78,483)
Total undesignated grants and fees receivable	<u>\$ 231,388</u>	<u>\$ 267,952</u>

Note 3 - Property and Equipment

At June 30, property and equipment is stated at cost and consists of the following:

	2008	2007
Furniture	\$ 58,685	\$ 20,521
Office equipment	99,539	99,290
Leasehold improvements	18,863	600
	177,087	120,411
Less: accumulated depreciation	(85,251)	(112,452)
Net property and equipment	<u>\$ 91,836</u>	<u>\$ 7,959</u>

Note 4 - Temporarily Restricted Net Assets

At June 30, temporarily restricted net assets were available for the following purposes:

	2008	2007
Family Resource Centers	\$ 72,817	\$ 139,537
Community Education	15,936	20,000
Capacity Building	-	26,282
Total temporarily restricted net assets	<u>\$ 88,753</u>	<u>\$ 185,519</u>

CHILD ABUSE PREVENTION COUNCIL OF PLACER COUNTY
Notes to Financial Statements
June 30, 2008

Note 5 - Operating Lease Commitments

The Council leases certain facilities through September 2010, which are classified as non-cancelable operating leases. Total rent expense under these leases for the years ending June 30, 2008 and 2007 amounted to \$153,295 and \$152,120, respectively. Future minimum lease payments under these operating leases are as follows:

Year Ending <u>June 30</u>	
2009	\$ 143,265
2010	146,401
2011	92,353
2012	64,800
2013	<u>10,800</u>
Total future lease payments	<u>\$ 457,618</u>

The Council leases various pieces of office equipment through February 2010 which are classified as non-cancelable operating leases. Total rent expense under these leases for the years ending June 30, 2008 and 2007 amounted to approximately \$16,629 and \$15,872, respectively. Future minimum lease payments under these operating leases are as follows:

Year Ending <u>June 30</u>	
2009	\$ 13,601
2010	7,869
2011	4,282
2012	4,282
2013	<u>4,282</u>
Total future lease payments	<u>\$ 34,318</u>

Note 6 - Line of Credit

The Council has a \$150,000 unsecured line of credit with a bank, which bears interest at a rate of Prime plus 1.25%, and matures on November 30, 2009. There were no borrowings during the years ended June 30, 2008 and 2007.

CHILD ABUSE PREVENTION COUNCIL OF PLACER COUNTY
Notes to Financial Statements
June 30, 2008

Note 7 - Note Payable

The Council has a note payable to a bank, due in monthly installments of \$1,482 principal and interest at 6.9%, and maturing November 2012.

Future maturities of the long-term note are as follows:

<u>Year Ending</u> <u>June 30</u>	
2009	\$ 13,543
2010	14,507
2011	15,541
2012	16,647
2013	<u>6,981</u>
Total future payments	<u>\$ 67,219</u>

Note 8 - Salary Deferral Plan

The Council provides an Internal Revenue Code section 403(b) Salary Deferral Plan for the benefit of all employees, which allows them to defer a portion of their annual compensation. Effective July 1, 2008, the Council approved employer contributions up to \$500 per year for eligible employees.

Note 9 - Contingencies

The Council's contracts are subject to inspection and compliance audits by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate potential liability which may result from these governmental audits cannot be reasonably estimated and, accordingly, the Council has recorded no provision for the possible disallowance of program costs on its financial statements.

CHILD ABUSE PREVENTION COUNCIL OF PLACER COUNTY
Notes to Financial Statements
June 30, 2008

Note 10 - Concentrations of Revenue

The Council is dependent on substantial and continued funding from government agencies. If a significant reduction in funding from these sources occurred the Council's ability to maintain related programs would be significantly impacted.

For the year ended June 30, the Council received a significant portion of its revenues from the following government sources:

	<u>2008</u>	<u>2007</u>
Federal agencies	21%	20%
Placer county agencies	42%	42%
	<u>63%</u>	<u>62%</u>

At June 30, the Council had grants and fees receivable from the following government sources:

	<u>2008</u>	<u>2007</u>
Federal agencies	41%	29%
Placer county agencies	52%	71%
	<u>93%</u>	<u>100%</u>

Note 11 - Supplemental Cash Flow Information

Noncash investing and financing activities for the years ended June 30, 2008 and 2007 included the following transactions:

	<u>2008</u>	<u>2007</u>
Purchase of property and equipment with long-term note payable	\$ 75,000	\$ -
Reclassification of net assets released from restrictions in prior years	-	58,037

OTHER REPORTS

CHILD ABUSE PREVENTION COUNCIL OF PLACER COUNTY
Schedule 1 - Schedule of Expenditures
First 5 Placer Children & Families Commission
July 1, 2007 through June 30, 2008

Contract No. CN006138

	<u>Budget</u>	<u>Amount Claimed</u>
Program costs:		
Team leader	\$ 33,839	\$ 33,839
Home visitors	67,589	67,589
Program assistant	4,028	4,028
Benefits for program staff	23,246	23,246
 Outreach supplies	 835	 835
Program supplies	785	785
Telephone	1,148	1,148
Rent	1,750	1,750
Utilities	1,040	1,040
 Parents as teachers training	 7,626	 7,626
Travel for team leader	698	698
Travel for home visitors	2,954	2,954
 Evaluation costs:		
Deputy director	5,251	5,251
Program assistant	1,557	1,557
Benefits for evaluation staff	875	875
 Administrative costs:		
Insurance	960	960
Indirect cost allocation	4,819	4,819
Total	<u>\$ 159,000</u>	<u>\$ 159,000</u>

At the request of First 5 Placer Children & Families Commission (Commission), all partners and agencies have been requested to provide specific details of the funds received from the Commission. The procedures used to audit these amounts were in compliance with the Commission's Schedule of Agreed-Upon Procedures. Nothing came to our attention to indicate that the Council had not complied with the laws and regulations of the First 5 Program.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Child Abuse Prevention Council of Placer County
Roseville, California

We have audited the financial statements of the Child Abuse Prevention Council of Placer County (Council) as of and for the year ended June 30, 2008 and have issued our report thereon dated November 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the U.S. Comptroller General.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatement on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the Council's ability to initiate, authorize, record, process, or report financial data reliably, in accordance with generally accepted accounting principles, such that there is a more than remote likelihood that a misstatement of the financial statement that is more than inconsequential will not be prevented or detected by the Council's internal control.

A *material weakness* is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Council's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above. However, we consider the following to be significant deficiencies in the financial reporting process.

To the Board of Directors
Child Abuse Prevention Council of Placer County

1) During the period March 1 and June 30, 2008, the Council did not have adequate segregation of duties.

- One employee was assigned to cash disbursements, payroll reporting, bank reconciliations, preparation and recording of journal entries.
- Bank reconciliations and adjusting journal entries were not approved by a supervisor.
- Cash receipts and monthly financial statement preparation were appropriately segregated.

Response: As of July 1, 2008, the Council hired additional contractors and/or personnel to segregate cash disbursement, payroll, and bank reconciliations.

2) Management relies on the auditor to recommend footnote disclosures for the financial statement and to prepare the financial statements in accordance with generally accepted accounting principles.

Response: The outsourcing of this service is not unusual in organizations of this size and is a result of management's cost benefit decision to use the services of their audit firm rather than incur additional costs for the purpose of increasing controls over the preparation of the financial statements. Management reviewed, approved, and accepted responsibility for those financial statements and related footnotes prior to their issuance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Child Abuse Prevention Council of Placer County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

The Council's responses to the findings identified in our audit are described above. We did not audit the Council's responses and, accordingly, we express no opinion on them.

This report is intended for the information of the Board of Directors, management, others within the Council and awarding agencies. This report is not intended to be and should not be used by anyone other than these specified parties.

Nicholson & Olson

Certified Public Accountants
Roseville, California
November 25, 2008